THE HONORABLE MARC L. BARRECA
Hearing Date: July 20, 2012
Hearing Time: 9:30 a.m.
Hearing Location: Seattle
Chapter 7

THE UNITED STATES BANKRUPTCY COURT FOR THE
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In re ADAM R. GROSSMAN, Debtor.	Case No. 10-19817 REPLY TO TRUSTEE'S SECOND SUPPLEMENTAL STATEMENT REGARDING MOTION TO APPROVE SETTLEMENT OF ISSUES RELATING TO REAL PROPERTY LOCATED AT 868 MONTCREST DRIVE, REDDING CALIFORNIA 96003

Set forth below is a brief reply to the settlement pursuant to the factors set forth in A&C Properties 784 F.2d 1377 (9th Cir. 1986).

1. Probability of Success in Litigation

As the trustee points out, settlement is beneficial in that it will reduce litigation costs and will result in more funds for creditors. In the initial proposal filed by the trustee on Friday, there are outstanding issues which can only be resolved through certain and expensive litigation, litigation which will invariably occur as a result of the current misclassification of properties. Presumably these issues can be resolved through more comprehensive revisions. Such revisions have not been fully fleshed out in the mere two business days since the proposal

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was filed, but they are anticipated to be filed with the court shortly. Through revisions these issues can be settled such that minimal litigation costs are incurred.

2. Difficulties to be encountered in the matter of collection

As set forth above, under the initial plan released Friday, the issue of collection remains unless or until title and ownership issues of the properties are resolved. Unless these issues are settled, this would only be expected to occur through extensive litigation.

3. Complexity of litigation and expense, inconvenience and delay therewith.

The title and ownership issues at stake are complicated and would be expensive and slow to litigate. Therefore, as set forth above further revisions to the proposal as set forth in the second supplemental statement are needed.

4. Best Interest of Creditors.

A plan which pays more funds to creditors is preferable. Such a plan, that pays more money to the creditors, will be presented at the continued hearing on Friday. Presentation at this time of comprehensive revisions was not possible due to the fact that the first proposal including claims was filed only two business ago. Additional time to review the revisions should not be prejudicial since claims can't be adjudicated until after notice and a hearing.

Dated this 17th day of July, 2012.

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